

Testimony Delivered On Military Transformation

Before the Senate Armed Services Committee Hearing, By Deputy Secretary of Defense Paul Wolfowitz; Vice Chairman of the Joint Chiefs of Staff General Peter Pace; Commander in Chief, U.S. Joint Forces Command, General William Kernan; and Director, Office of Force Transformation, Vice Admiral Arthur Cebrowski, USN (Ret.) , 216 Hart Senate Office Building, Washington, D.C, Tuesday, April 9, 2002.

SEN. LEVIN: The committee meets this morning to receive testimony on Department of Defense policies and programs to transform the armed forces to meet the challenges of the 21st century. Because Senator Warner must leave for a few minutes, I am going to turn this over to him right now for his opening statement, or that part of it he is able to give. And then I'll finish my own opening statement. Senator Warner?

SEN. JOHN WARNER (R-VA): Thank you, Mr. Chairman. I'll just momentarily be detained. But I would like to welcome our witnesses -- and this is an enormously important hearing. You have laid the foundation in the executive branch. Now we must take into consideration that foundation in the legislative branch. And I see from the opening statements provided by the witnesses that great progress has been made.

I do hope that as this successful operation in Afghanistan reaches its anticipated conclusions at some point in time -- the president said there will be no hurry until the job is finished -- that we take to heart some of the extraordinary actions performed by the men and women of the armed forces, utilizing the modern weapons that we have today, and really placing the individual soldier, sailor, airman and Marine, exhibiting courage and professionalism, without peer in history in the history of our country. I can only think of the World War II era, when this whole nation stood behind the uniformed persons in the battlefronts of the world. That same solid support is here at home, and again led by a president who showed really extraordinary qualities as commander in chief.

These soldiers and sailors, airmen and Marines, have made history, and we have got to learn from that history as we continue the war on terrorism, and direct our actions in the future, to protect our freedom here at home and with our allies.

I'll but the balance of my statement in. I thank the chair.

SEN. LEVIN: Thank you so much, Senator Warner.

More than four years ago, the congressionally-mandated independent national defense panel recognized the need for the transformation of our armed forces. Its December 1997 report, entitled "Transforming Defense: National Security in the 21st Century," concluded as follows: "The United States needs to launch a transformation strategy now that will enable it to meet a range of security challenges in 2010 to 2020. Yet, we must do this without taking undue risk in the interim. This transformation promises to be

complex. Yet, we must make critical decisions and choices entailing significant investments of resources and energies."

The panel's report had also stated that a successful transformation strategy must provide for frequent and large-scale experimentation in potentially new ways of war, effecting meaningful and appropriate change in operational concepts, force structures, military systems and budgets.

Starting in the late 1990s, the services began the process of transforming their force structure to meet the challenges of the 21st century. For instance, the Army began to transition to a force that is strategically responsive and dominant at every point of the spectrum of operations. This involves the selective modernization and partial digitization of the current force as a first step, and eventual development of a responsive, agile, deployable and lethal objective force.

The 2001 Quadrennial Defense Review, submitted by Secretary Rumsfeld to Congress last September, reemphasized the requirement to continue the transformation of our forces. In his testimony before this committee last October on the Quadrennial Defense Review, Deputy Secretary Wolfowitz testified that, quote, "transformation is about more than technology; it is about innovative concepts of operating and configuring our forces, adjustments in how we train and base our people and materiel, and how we conduct business day to day. The goal of transformation is to maintain a substantial advantage over any potential adversaries in key areas such as information warfare, power projection, space and intelligence."

The purpose of today's hearing is to review the manner in which the department is pursuing the transformation of our armed forces, to assess the progress that has been made in terms of acquisition programs, experimentation activities, operational concepts, organizational changes, and cultural adjustments; to identify truly transformational items in the fiscal year 2003 budget request; and to determine if legislation is necessary to facilitate and promote transformation.

Some of the issues that I hope our witnesses will address this morning include: How do we define transformation and identify its elements? How do we distinguish truly transformational programs, concepts and activities from those that are not? What is the proper role of experimentation, including in helping decide what not to acquire? How can we stimulate and incentivize creative and transformational thinking? How do we provide funding to take advantage of results from experimentation in the absence of program funding? How do we avoid becoming so dependent on censor linkages that we create an Achilles' heel that can be taken advantage of by an enemy who finds a way to block such linkages? And how do we share transformational innovations, concepts and programs with allies, particularly NATO allies, so as to preserve interoperability and strengthen alliances?

We have two panels this morning. Our first panel will consist of four members from the Department of Defense, and the lead is Deputy Secretary Paul Wolfowitz, who, as I

mentioned earlier, represented the department last year in presenting the Quadrennial Defense Review to the Congress. We also have retired Vice Admiral Arthur Cebrowski, who is the first director of the Office of Force Transformation; General Peter Pace, vice chairman of the Joint Chiefs of Staff, who serves as the chairman of the Joint Requirements Oversight Council, and is a member of several of the department's boards that are involved in the planning, programming and budgeting system, all of which have important roles in transformation; General William Kernan, the commander in chief of U.S. Joint Forces Command, who is in charge of joint experimentation, and is the chief advocate for jointness and transformation.

Our second panel consists of Dr. Andrew Krepinevich and Dr. Lauren Thompson. Dr. Krepinevich is executive director of the Center for Strategic and Budgetary Assessments, and was one of the seven members of the 1997 National Defense Panel to which I referred earlier. Dr. Thompson is the chief operating officer of the Lexington Institute. Both Dr. Krepinevich and Dr. Thompson are frequent commentators on national security issues, including military transformation.

Let me see if any other of our colleagues has any opening statement? Okay, we'll then turn directly to our panel, and --

SEN. JIM BUNNING (R-KY): I'd like to put one into the record.

SEN. LEVIN: Please. Senator Bunning's statement will be made part of the record.

Now let me welcome Secretary Wolfowitz, Admiral Cebrowski, General Pace and General Kernan. Each of you has had a role and continues that major role in the difficult task of transforming our forces for the challenges of the 21st century. And the statements of each of you will be printed in full in the record. As I understand, Secretary Wolfowitz, that you do have an opening statement, and we would be happy to receive that now on behalf of all the panel members.

MR. WOLFOWITZ: Thank you, Mr. Chairman. I appreciate very much the opportunity to meet with this committee to discuss this important subject. And, as you noted already, I have with me three of the leaders of the department's efforts at transformation. You've picked an extremely important topic, and it's a pleasure to be here to discuss it.

Indeed, looking back -- and I have a much longer statement for the record, but I would like to just hit some of the highlights here. In looking back, this committee and the Congress have played a major role in transformation efforts in the past, including with landmark legislation such as the 1947 National Security Act, the 1973 All Volunteer Forces Act, and the 1986 Goldwater-Nichols Act. Congress, moreover, has sponsored and supported numerous transformational technologies, including stealth cruise missiles and precision-guided munitions. So, as we undertake what may be the most significant transformation of our military forces in many decades, we hope to continue to work closely with the Congress to achieve our common national security objectives.

In the civilian economy today we are witnessing a transformation in the manner, speed and effectiveness with which industrial and commercial tasks can be accomplished. These transformational efforts derive from the impact of advances in technology, in computing, communicating, and networking. Taken together they constitute an information revolution whose effects extend far beyond technology into the organization and even the culture of the business and commercial worlds.

This transformational potential affects our military as well. In the current campaign in Afghanistan, for example, young non-commissioned officers are routinely integrating multiple intelligence-collection platforms by simultaneously coordinating what amounts to several chatrooms. We have seen them creatively improvise with new military applications not unlike the technology they have grown up with. Indeed, they display an agility with that technology that comes from being completely comfortable with this new way of doing things.

In the same way, the agility that we need to continue meeting threats here and abroad depends on more than just technology, although that must be a fundamental part of our response. It is tied also to changing our organizational designs and embracing new concepts.

One of my key points today is that transformation is about changing the military culture into one that encourages, as Secretary Rumsfeld says, innovation and intelligent risk-taking.

Twelve months ago some might have questioned the continued investment in improving our advantage. Given the huge military lead the United States enjoyed, some were even asking, Who will fight us now? But September 11th brought home the fact that while it is likely few would seek to meet us head to head, they can still attack us, they can still threaten us. And when they did attack last September, using box cutters and jetliners, our response required much more than just box cutters and jetliners. Our response, as we seek to deny future terrorists avenues to similar attack, has been and must be disproportionately asymmetrical. And it does not come cheaply or without great effort at innovation.

My second key point is that although we now face the enormous challenge of winning the global war on terrorism, we must also address the equally large challenge of preparing our forces for the future. We cannot wait for another Pearl Harbor or another September 11th, either on the ground, in space or in cyberspace. Even as we fight the war of today, we must invest in tomorrow. It is a process of balancing the risks of today with those of tomorrow -- one that should ultimately redefine how we go to war.

Back in the 1920s and 1930s, the French and British establishments looked on the transformational issues of their time with a victor's sense that the next war will be fought like the last. But by the spring of 1940, with the Germans' lightening strikes across the Meuse and through the Ardennes, it was clear then that Blitzkrieg had redefined war and would reshape battles for years to come.

But we don't have to look back 60 years, or even 20 years, to find dramatic examples of military transformations. In Afghanistan today, brave special forces on the ground have taken 19th century horse cavalry, combined it with 50-year-old B-52 bomber, and using modern satellite communications, have produced a truly 21st century capability. When asked what he had in mind in introducing the horse cavalry back into modern war, Secretary Rumsfeld said, "It's all part of the transformation plan -- and indeed it is. Transformation can mean using old things in new ways -- a natural result of creative innovation.

Finally, our overall goal is to encourage a series of transformations that in combination can produce a revolutionary increase in our military capability and redefine how war is fought. The capabilities demonstrated in Afghanistan show how far we have come in the 10 years since the Persian Gulf War. But they are just a glimpse of how far we can still go.

Let me briefly discuss how transformation was treated in the Quadrennial Defense Review. Long before September 11th, the department's senior leaders began an unprecedented degree of debate and discussion about where the military should go in the years ahead. The outline of those changes is reflected in the Quadrennial Defense Review, and the 2003 budget request. Among the new directions set in the QDR, the following four are perhaps the most important.

First, we decided to move away from the two major theater war force planning construct. By doing so, we gain more flexibility in planning for a wider array of contingencies, and we gain more flexibility in investing for the future.

Second, during the QDR, the senior civilian and military leadership agreed on a new framework for assessing risk. We identified four categories of risk: force management risks, operational risks, future challenges risks, and institutional risks. The approach we adopted in light of this framework seeks to balance risks in all of these categories and avoid extreme solutions that would lower risks in some areas while raising other risks to unacceptable levels.

Third, to confront a world of surprise and uncertainty, we are shifting our planning from the threat-based model that has guided our thinking in the past to a capabilities-based model for the future. We do not know who may threaten us, or when or where, but we do have some sense of what sort of capabilities they might threaten us with and how, and we also have a sense of which capabilities we have that could provide us important new advantages.

Fourth, to support this capabilities-based approach to force planning, we worked to define goals to focus our transformation efforts. Historically, successful cases of transformation have occurred to meet compelling strategic and operational challenges. Therefore, we endeavor to determine what those challenges were in the 21st century and what goals we needed to have to address them.

The U.S. military is pursuing not a single transformation but a host of transformations, including precision, surveillance, network communications, robotics, and information processing. The six specific transformation goals identified in the QDR are first, to defend the U.S. homeland and other bases of operation and defeat nuclear, biological and chemical weapons and their means of delivery. Second, to deny enemy sanctuary, depriving them of the ability to run or hide, any time, any where. Third, to project and sustain forces in distant theaters in the face of access denial threats. Fourth, to conduct effective operations in space. Fifth, to conduct effective information operations. And sixth, to leverage our information technology to give our joint forces a common operational picture.

In my testimony -- written testimony, I elaborate on each of these six goals, but in the interest of time, let me just move on to discuss how we've tried to reflect those goals in the budget that is now before your committee.

Taken together, these six goals will guide the U.S. military's transformation efforts and improvements in our joint forces. Over time, they will help us to shift the balance of U.S. forces and capabilities. U.S. ground forces will be lighter, more lethal, more highly mobile. They will be capable of insertion far from traditional ports and air bases, and they will be networked to leverage the synergy that can come from ground forces and long-range precision fires from the air and sea. Naval and amphibious forces will be able to assure U.S. access even in area denial environments. The air and space forces will be able to locate and track mobile targets over vast areas, and strike them rapidly at long ranges without warning. These future attributes are the promise of U.S. transformation efforts.

As I will be saying in a few minutes, transformation is about much more than just investment, but investment is important. And over the next five years, we plan to invest more than \$136 billion in transformational technologies and systems. Of this, \$76 billion represents new investments to accelerate or start new transformations. We have applied a very strict definition to programs we include in these totals as transformational.

Many things that enable transformation or extend current capabilities are not included in the figures I'll be citing. For example, the \$1.7 billion in this year's budget for funding joint direct attack munitions, or J-DAMs, and other precision guided munitions is not included. The total additional investment in systems that support transformation approaches \$25 billion in the FY03 budget, and \$144 billion over the FYDP.

Let me highlight some of the capabilities we are investing in to meet the transformation goals.

First, the goal of protecting bases of operations. We are pursuing advanced biological defenses and accelerating the development of missile defense. Missile defense investment includes increased funding for the airborne laser program, a directed energy weapon to destroy ballistic missiles in their boost phase. The budget invests \$8 billion in transformational capability, support -- to support defense of the U.S. homeland and forces abroad. A total of \$45.8 billion over the five-year defense plan, an increase of 47 percent.

I would note that that does not include some \$10.5 billion in our budget that is invested in programs for counter- terrorism and anti-terrorism, and almost doubling from where we were two years ago. Most of that is force protection measures associated with the global war on terrorism.

Second, to project power in denied areas, we're developing new shallow draft fast transport ships to move forces into contested littoral areas more rapidly and less dependent on traditional ports. We are also developing unmanned underwater vehicles that can help to assure U.S. naval access. Overall, the 2003 budget requests \$7.4 billion for programs to support the goal of projecting power into denied areas, and \$53 billion over the five-year FYDP, an increase of 21 percent.

Third, to deny enemy sanctuaries, we are developing a space-based radar system to provide persistent global ground surveillance and tracking capability. We are converting four SSBNs to carry more than 150 Tomahawk missiles each, and up to 66 SEALs. We're also accelerating a number of unmanned vehicle programs. The budget in fact includes \$1 billion to increase the development and procurement of Global Hawk, Predator, and unmanned combat aerial vehicles. And finally, we're developing a range of new precision and miniature munitions for attacking deep underground facilities, mobile targets, and targets in dense urban areas. The 2003 budget requests \$3.2 billion for transformational programs to support the objective of denying sanctuary to adversaries, and 16.9 billion over the FDYP.

Fourth, the leverage information technology -- perhaps one of the most important developments we are pursuing in this budget is our investment in laser communications in space -- the technology that has the potential to provide fiber optics quality broadband secure communications any time and any where U.S. forces may operate. That is a transformational technology that can affect everything our forces do. The 2003 budget requests \$2.5 billion for programs to support this objective, and 18.6 billion over the FDYP.

Fifth, to conduct effective space and information operations, we are increasing investments in both of those categories. The 2003 budget requests \$174 million for programs related to information operations, 173 million over the FDYP. We request an additional \$200 million to strengthen space capabilities, and \$1.5 billion over the FDYP.

We could not have made these investments without terminating a number of programs and finding other savings. Although this year's defense budget is the largest in a long time, virtually the entire increase was spoken for by needed increases to cover inflation, health care and pay raise, realistic costing of readiness and procurement, and funding the war. We have saved some \$9.2 billion by terminating and restructuring a number of programs. Major terminations include the DD21 destroyer program, which has been replaced by a restructured DDX program, and we have cut 18 army legacy systems. We also terminated the Navy area -- wide area missile defense program because of delays, poor performance and cost growth, but we are still looking to develop sea-based defenses under a replacement program.

But as we have seen in Afghanistan, transformation is about more than just new technology. Although the Germans were the first to make tanks a decisive instrument of war, they're not the ones who invented tanks. They weren't even the ones to first field tanks in combat. What they did do first was to use tanks to devastating effect through the combination of armor with air and radio communications, the willingness to risk employing a new and bold doctrine, allowing armor to emerge in an army traditionally dominated by infantry, and delegating responsibility to lower levels so that units could operate with the autonomy that armor and radio communications provided them. Their success went even beyond doctrine, beyond speed, beyond communications. It was a culture change from top to bottom.

Another example of cultural change in our own forces is the development of our ability to conduct night operations. Drawing from our experience in Vietnam, we worked to acquire technology such as night-vision goggles that allowed us to virtually turn night into day. We now conduct extensive night training operations, and we have turned what was once a vulnerability into an advantage. Today, it is not hyperbole to say "We own the night."

The campaign in Afghanistan has planted the seeds of culture change in other areas that will prove to be as significant, I think. Historically, special operations forces have operated separately from conventional forces, but this campaign has necessitated their close integration with conventional forces, and especially air forces. One of the results is an order of magnitude change in how precise we are in finding and hitting targets from just a decade ago. That is not only changing the culture of special operations forces, but it's changing how the rest of the force thinks about Special Operations and how it thinks about the integration between air and ground power.

Another example from the president involves what it means to be a pilot today. That is undergoing a transformation as well. Not long ago, an Air Force F-15 pilot had to be persuaded to forgo a rated pilot's job to fly -- I guess that's still the word -- an unmanned Predator aircraft from a location far from the field of battle.

Of course, UAVs have made a significant impact in the current campaign and promise even greater operational impacts, which is why the Air Force leadership is working hard to encourage this pilot and others to think of piloting UAVs as a major mission and to become trailblazers in defining new concepts of operations.

Some of the greatest military transformations of the last century were the product of American innovation, the development of amphibious warfare, of aircraft carriers, of stealth and nuclear-powered submarines, to name just a few. Great names like Billy Mitchell and Hyman Rickover are associated with some of these developments. And it is no secret that the unconventional style of some of these innovators were sometimes difficult for their large organizations to adjust to.

But even less iconoclastic officers have had difficulties when they clashed with perceived wisdom. In the period between the wars, one infantry officer began writing about the

future of armored warfare, only to have his commander tell him that if he published anything contrary to, quote, "solid infantry doctrine," unquote, it would mean court-martial. The commander even tried to scuttle that officer's career. It took the personal intervention of Pershing's chief of staff to put that soldier's career on a new path. That officer so interested in the future of armored warfare was Dwight Eisenhower.

One of our fundamental goals is to encourage all the potential Eisenhowers who are thinking about war of the future. Instead of stifling those who seek to look forward so we can lean forward when necessary, we must encourage and reward them. We need to accelerate the development of a culture that supports the sort of innovation, flexibility and vision that can transform the face of battle.

From my observations, the armed forces today are much more congenial toward innovation and innovators. Certainly the way in which General Tommy Franks has experimented in Afghanistan demonstrates an openness to change, an openness that is helping us win the war and transform the military.

One of the best arenas for encouraging our forces to try hard, lean forward and risk failure is through field exercises. Field exercises that incorporate experimentation at both the joint and the service levels provide an indispensable means for tackling emerging challenges.

In the period between the wars, Marine Major Pete Ellis perceived that war in the Pacific was likely to come, and he proposed a landing concept that we now call amphibious warfare. Taking Ellis's idea from the drawing board to the practice speeches resulted in success at Iwo Jima and Okinawa and elsewhere in World War II.

General Kernan will be able to address in more detail how Joint Forces Command is developing a joint experimentation plan that uses war games, synthetic environment experiences and field experiments to develop and evaluate joint concepts.

Likewise, training must go hand-in-hand with the fielding of new concepts and capabilities. We must train as we will fight, and today we will always fight in combinations of mission-oriented joint forces. We must therefore emphasize the culture that stresses joint sharing of information, concepts and awareness, to ensure that our troops can fight on day one of the battle with experience and confidence. A centerpiece of our training transformation effort will be a joint National Training Center.

We have also seen the need in our transformation efforts to redesign some of our military organizations, to harness the tremendous power of new technologies and exploit the synergy of joint forces. DOD is taking steps to realign its organizations, to better integrate and deploy combat organizations that can respond rapidly to events that occur with little or no warning, the type of environment that characterizes our world today.

To strengthen joint operations, the department is developing options to establish standing joint task force headquarters with uniform standard operating procedures, tactics,

techniques and technical system requirements, thereby permitting the movement of expertise among commands.

The department is also examining options for establishing actual standing joint task forces. Standing joint task force organizations could provide the organizational means to achieve a network capability and serve as the vanguard for the future transformed military.

Finally, we also need to ensure that the classroom education our senior military leaders receive includes military transformation and education that nurtures innovative thinking and encourages risk-taking and willingness to confront failure in the pursuit of new ideas and capabilities.

In conclusion, Mr. Chairman, even as we fight this war on terror, potential adversaries scrutinize our methods. They study our capabilities. They seek our weaknesses. They plan for how they might take advantage of what they perceive as our vulnerabilities.

So, as we take care of today, we must invest in tomorrow. We're emphasizing multiple transformations that, combined, will fundamentally change warfare in ways that could give us important advantages and help us secure the peace for coming generations.

We realize that achieving this goal requires transforming our culture and the way we think. We must do this even as we fight this difficult war on terrorism. We cannot afford to wait. Thank you.

SEN. LEVIN: Thank you, Secretary Wolfowitz. Let me start with Admiral Cebrowski.

Secretary Wolfowitz has mentioned the need in transformation of new operational concepts, new organizational changes. And I'm wondering whether you agree with that, which I think you probably do. But more importantly, would you point to any new operational concepts or organizational changes that have been formally adopted or should be formally adopted?

ADM. CEBROWSKI: Mr. Chairman, I do agree wholeheartedly that transformation is really a broad spectrum of technology, organizations, culture and processes. And key amongst this is, of course, operational concepts.

Operational concepts flow from our understanding of the evolving situation in strategy, in technology, and with regard to threat. And that indicates a certain way ahead for us. And, yes, I can say that some key operational concepts are emerging.

First and foremost amongst this process is the transformation from the industrial age into the information age. And in the department, we call that network-centric warfare. A report to the Congress was submitted by the deputy secretary last summer with regard to that subject, and that is absolutely key.

If we do not succeed in transforming from the industrial age to the information age, then all of our other efforts in transformation will not likely bear fruit. This indicates certain features, and some of those address the questions that you had raised in your opening remarks.

For example, we see the moving to primacy of sensors and the appearance of something that we might call sensor wars. We've done very, very well with weapons, and weapons are indeed critically important, and we have magnificent weapons reach. But in the dynamics of warfare, the enemy controls the sensor reach. And so what is emerging in all of the services is the recognition that we have to have a robust, well-networked sensor capability which is capable of fighting in close; that is, that sensors emerge as elements of the maneuver force themselves. And we're seeing the enormous payoff from that.

We're seeing the recognition amongst all the services that these capabilities must be networked, networked to develop high-quality shared awareness. And so you see the terminology of shared awareness and self-synchronization appearing in all of the service documentation and concepts. And that, of course, is good news as well.

You see an enhanced appreciation for speed, and it shows up, for example, in collaborative planning. We can plan far faster now than we ever could before. But there is a wholesome dissatisfaction, and there always should be, because it is never fast enough. And we need to keep working in that area.

You also see it in terms of speed of deployment, which shows up amongst all of the services. And the most tangible form is the appearance of the high-speed vessel to help us deploy forces more quickly; the recognition that speed indeed counts a good deal, not just tactical speed, but speed of deployment, speed of employment and speed of sustainment. And these things all integrate with each other.

We can see in the land forces, both Marine Corps and Army, the appearance of doctrine for fighting in the non-contiguous battlefield that is moving away from front lines, with a rather static and set piece form of combat, to alternative concepts which would allow us to draw on the power of smaller units, higher mobility, and the great information advantage which our nation provides military forces.

So there's a lot of good news here in the way things are going. This does not say that the work is done, however; very, very far from that. A great deal more must happen.

SEN. LEVIN: Thank you, Admiral. I forgot to mention, we'll have a first round of six minutes each.

General Pace, your formal statement notes that your chairing of the Joint Requirements Oversight Council and your seat on the Defense Acquisition Board enable you to help ensure that major weapon systems are born joint and validated as joint before they're procured. And then you go on to say that the JROC must move beyond simply grading

the services' homework and must select specific goals from the defense planning guidance and be the driving force in obtaining those goals.

And I'm wondering whether or not that will require a cultural change that you also made reference to in your opening statement when you said that this is all as much about mindset as it is about anything else. Do we need a cultural change? Do we need a change in mindset in order that the JROC be the driving force in obtaining the goals that you referred to?

GEN. PACE: Mr. Chairman, thank you. I do believe that if we did nothing else other than change our mindset and apply those different thought processes to the assets we already own, that we will take a huge step in the direction of transformation.

You can look at what General Franks is doing on the battlefield in Afghanistan right now. You can look back to the mindset change that Goldwater-Nickles instituted some 15 years ago.

SEN. LEVIN: And if I could interrupt just for a second, could you be specific in terms of the changes in mindset that you think are necessary, the future changes?

GEN. PACE: Yes, sir. With respect to the Joint Requirements Oversight Committee, of which -- Council, excuse me -- of which I am the chairman and each of these service vice chiefs is a member, our predecessors have given us a system that does a very good job of taking ideas that come from service laboratories and service experiments and determine whether or not the services have applied to those initiatives enough jointness so that when they bring that weapon system, that computer system, to the joint battlefield, it can plug and play along with others.

Over the past several years, we've gone from -- as the JROC, have gone from taking systems that were already in the process of being developed and trying to adjust their final outcome to moving the gate forward in the process to where now no major program of any service even gets one dollar applied to it before the JROC blesses it as joint. That's good, but that's the point where we are grading other people's homework.

What I'm saying, Mr. Chairman, is that we need to take the defense planning guidance, the capabilities that we want this nation to have in the future, and, as a Joint Requirements Oversight Council, look at what we have right now -- what are the gaps in those capabilities -- and determine as a council whether we want a service to come up with the solution.

Do we need to ask Joint Forces Command to experiment with some ideas, so that instead of waiting for ideas to come in the door from those around us, we become part of the initiative process and we take on that? That's a mindset change of sitting back and waiting or, in fact, being part of the process. And it goes to what Goldwater-Nickles did for the joint environment.

My first 19 years in the Marine Corps, I knew that I was supposed to be thinking about the Marine Corps, and I wasn't worried much about the Army, Navy and Air Force. My last 15 years in the joint world, I have seen a huge difference that the Goldwater-Nickles Act has brought about.

Look simply at Afghanistan. I can't imagine the force in 1986 doing what the force did just several months ago, thousands of miles, from September 20th, when Tom Franks got his first order to go, till October 7th -- thousands of miles away, land-locked country, joint and combined operations. That's a mindset change, sir, and a willingness to look at things differently and to take what we have and to apply it in a different way.

SEN. LEVIN: Thank you. Senator Warner.

SEN. WARNER: Thank you, Mr. Chairman. Really a fascinating presentation. I have been privileged to sit here for many, many years, hearing successive presidents and secretaries of Defense propose to the Congress their vision for the future. And I guess what's crossing my mind at the moment is concern that what I have heard thus far -- and of course we have got a great deal of study to do with your submissions -- I am not sure we are coming to grips with the integration between our projection of forces abroad to deter and defend and how we -- are we losing any emphasis on what I think is my main concern here -- here at home. I haven't heard anyone discuss about how we are going to secure our ports against smuggling of weapons of mass destruction in, the borders of our nation -- to the extent that any of this reflects the poor porosity of our borders.

And then lastly, gentlemen, and it's interesting the deputy secretary and I and the chairman were just discussing the crisis at hand in the world is in the Middle East. And the weapon of selection is one that while there have been isolated chapters in history of warfare, we are seeing it now deployed to where the human bomb has brought to a stalemate thus far -- I hope it is soon broken -- the ability of conscientious minds of both the world and our -- everyone -- to try and solve the Israeli-Palestine crisis. But it is the human bomb that has brought this thing to what appears to be an impasse and a stalemate. I mean, is this thinking of the emerging threats, the isolated terrorism which is poised against our nation and other nations? Listen to Admiral Cebrowski talk about the battlefield. Battlefields now are isolated individuals bringing about enormous devastation, utilizing weapons of mass destruction. To what extent did that type of thinking go into the formulation of these various goals? Mr. Secretary, do you want to tackle it? And then General Pace, from the standpoint of the tank?

MR. WOLFOWITZ: I'd be glad to, and I'd welcome my colleagues, because they are all involved in this in one way or the other. But in fact we specifically as our first goal identified defense of the homeland and defense of our bases as the first priority. And there's a lot going on in this area, including I think quite transformational work to stand up a new homeland defense command, which will be something both in mission and in the way it's organized I think very different from the commands we have had in the past. And I do in fact that this challenge of homeland defense and of dealing with the vulnerability of our bases involves a number of mind-set changes. And I -- one of them is

that we have got to think not just joint but interagency and intergovernmental. I mean, one of the biggest challenges in doing homeland defense is sorting out what is the right role of the military and what is the right role of civil authorities. And normally we haven't had to think as deeply about that kind of issue. And when we engage in the war on terrorism overseas, we are frequently more in a supporting role for the CIA or for the FBI or for other agencies of the U.S. government than we are actually engaged in military operations.

A second mind-set change I think which is involved is understanding that the same ways in which our country can be vulnerable to attack our bases can increasingly be vulnerable to attack. We have enjoyed the luxury for a long time of assuming that we operated out of a sanctuary. And that's not a luxury we can assume. And that I think is a mind-set change.

But I would also say that one can't separate defense and offense. What we are doing in Afghanistan I think has contributed in a significant measure to preventing other terrorist attacks here at home. And at the same time that we take all reasonable measures to increase our security here, we are not going to win this war simply going on defense. We have got to go after the terrorists, and I know you agree with that.

SEN. WARNER: I share those views. I just want to make certain that we have got an integrated plan for defending ourselves here at home, which has been a very low priority up until recent -- I am not faulting anyone -- we always felt the two oceans, our projection -- gave us the security here at home where we didn't have to devote the assets and the time. But that has changed. And then we see on the battlefronts today the utilization of suicidal attacks as bringing about a transformation in warfare over there that I don't think any of us fully envisioned until this tragic chapter has unfolded here in the last year or so, and has cost untold crises to a valued ally, Israel.

General Pace, do you have some comments to assure the committee that you are in the tank, and your colleagues looking at the homeland defense as an integral part of all of this?

GEN. PACE: Sir, we are. And I would echo two thoughts that you had. One is the need for an interagency approach to this, especially homeland defense. And each of the CINCs now has a joint interagency coordination group with his command element, which is developing in the interagency world what we have developed over the last 15 years in the joint world -- meaning the trust, the understanding of the standing operating procedures of the other groups, so that we are working together much more homogeneously across that spectrum.

With regard to homeland security itself, the recommendation from the Joint Chiefs to the secretary that we stand up the Homeland Security Command now --

SEN. WARNER: I am fully aware of that. As I look through -- listen carefully -- I didn't hear anyone mention homeland defense. Now, maybe I missed it. But I listened carefully.

I suspect it's in these documents, and I will refer to it. But my time is up, Mr. Chairman. I don't want to encroach on others.

SEN. LEVIN: Thank you, Senator Warner. Senator Reed.

SEN. JACK REED (D-RI): Thank you very much, Mr. Chairman. And welcome, gentlemen. I particularly want to welcome Al Cebrowski, who was at Newport at the Naval War College. Good to see you again, Admiral Cebrowski.

ADM. CEBROWSKI: Thank you, sir.

SEN. REED: Mr. Secretary, a lot has been said about the new thinking, spiral

development and capability-based development. But I am tempted to think this might be just new buzzwords, not new thinking.

With respect to spiral development, we have in the past developed systems and then fully anticipated those systems would be improved as they were in the field. Could you for example describe the difference between a block buy for an F-16 for example and spiral development? Is there anything different there?

MR. WOLFOWITZ: I think it's -- and I will ask General Pace to help me on this also. I think it is more in the degree of formality in the process in moving forward. Obviously, as you point out correctly with the F-16, we have done what is in effect a spiral development. But I think it was -- there was a tendency at each step along the way to figure out what was the maximum technology we wanted, and then put that on; whereas I think the thought with spiral development is to recognize that getting something out in the field quickly with less than perfect capability may be much better than increasing your requirements and thereby slowing down and increasing the cost of first fielding systems. The F-16 has been around a long time, and those changes have come gradually over time.

But I think the approach that Secretary Aldridge has in mind, for example, the Joint Strike Fighter, would get the systems out in the field more quickly, recognizing that as they are fielded, as we gain experience with them, we will have a much better idea of what the requirements will be. It's -- you have a fair point that it's not a completely unknown process in the past. But what we are trying to do is to recognize it more specifically, and try to have people ask consciously, Why aren't you doing it that way?

GEN. PACE: (?) If I could, sir? In spiral development or adaptive acquisition, the difference is towards the front end. The useful metric is capability cycle time. And right now the capability cycle time of the Department of Defense is considerably larger -- perhaps two to ten times larger than that of the commercial world. And so we should be making efforts to move that forward. And what Undersecretary Aldridge talks about when he talks about spiral development is how we reduce that cycle time. So it's rather than waiting until you have 100 percent of the requirements satisfied, and you have

suppressed all of the technical risk -- you know, and that frequently results in your first article not appearing in the forces for 10 to 20 years -- is to go ahead and start well short if need be of the requirement, to put some things in the field to start production. And then in the process what happens is because you have articles in the field sooner, you are getting concept development sooner, and any appropriate organizational changes in doctrine, you know, much sooner. And so it's a way of pulling things forward rather than a way of dealing with things once they are already in the field.

SEN. REED: One other way to look at this -- and Secretary Wolfowitz alluded to it -- when he says there seems to be a little lack of -- less formality in the spiral development. But that might also be described as not having the same type of very specific well defined requirements that one can measure progress against and one can measure cost against. Is that a danger with this spiral development approach?

GEN. PACE: (?) Actually I would say, senator, that that's laudable, because with the spiral approach we seek to have upstream influence on the national security environment; that is, upstream influence on the market -- create a market by virtue of the fact that we are moving into it more quickly. It is more of a venture capital approach than it is an investment banker approach to acquiring systems. And so the risk moves to different areas in this. And of course because it is new, it will certainly have the appearance of being somewhat more messy.

SEN. REED: Well, let me go to another aspect of this. I find this -- this topic goes quite a bit beyond simply what systems we are going to buy and how we are going to buy them. When we emphasize the capabilities approach, which ties in I think to the spiral development, one of the dangers I see is that you don't consciously, or at least as we did in the past, integrate specific threats. I mean, there is a real danger I think out there saying, Listen, we have to build whatever we can build, because some day we will need that capability, which is very hard then to make decisions about budgets, about specific systems, about many other things. And there is a limited amount of resources we can devote, even in this time of great danger to the country.

And without a I think touchstone of what is the real threat, we could go about building all sorts of systems, some of which would never use, some of which we may use, some of which it is always good to have. And, frankly, the appetite of the Department of Defense for systems and building things, because of the nature of the business that you are all in, is rather substantial. So how do we make those -- and this is my final questions, because of my time, sir. How do we anchor our decisions about what we are buying and building to the real world, which I would say comes through what the real threats we face now and project in the future?

GEN. PACE: (?) Senator, let me try to tackle that. You are absolutely right, the intellectual change has got to drive the physical change. And it's got to be a relevant capability. We have moved towards a capabilities-based strategy. In conjunction with the combatant commanders and the Office of the Defense Secretary, we will do the strategy-to-task analysis. We will do the joint missionary analysis and determine precisely what's

required in the region in the way of capability. We will obviously have to then prioritize where we have deficiencies and work through those. But this is a very thoughtful process. And it is blessed off at the Joint Requirements Oversight Council. It is also done in partnership with the combatant commanders, who are the employers of these forces, as well as the services which provide this force. So it's a very thoughtful process.

SEN. REED: Well, thanks very much. It's nice to know you are all investment bankers now. (Laughter.)

MR. WOLFOWITZ: (?) No, the other way around -- venture capitalists.

SEN. REED: They work together I am told. Thank you.

SEN. LEVIN: Given the recent condition of the stock market, I am not so sure that you are moving in the right direction. But, nonetheless, Senator Sessions.

SEN. JEFF SESSIONS (R-AL): Thank you, Mr. Chairman. Transformation is an important subject. I am glad we are having a hearing on it. It's a constant tension between those who committed many, many years to new programs and systems they believe deeply in, and then the world changes and we have to say no to some of those. Maybe they were good ideas in 1980 when they came up. Maybe they are not a good idea today.

I think one thing we can see from this war in Afghanistan is we are transforming. Militaries around the world have been traditionally criticized, and many wars have been lost simply because they fought the last war. They made no changes whatsoever in tactics, equipment, doctrine during that period of time. And our military, more than any military I believe that has ever existed, is challenging itself, bringing forth new weapons systems, new technologies -- actually employing them in a way that works. When the sergeant on the ground can call in the Air Force, that's a very significant thing. And I think we should celebrate that. But that's not there yet. And we have a 380 -- 79 billion dollar defense budget. Can we innovate more? Can we use more of that money effectively to integrate new capabilities and systems to be even more effective than we are today? I believe we can. And I salute you for moving in that direction. I salute Secretary Rumsfeld from the day he came here as a person committed to transformation. I salute President Bush. He used the words at the Citadel: "Agile, lethal, readily deployable" -- which reminds me of Coach Eddie Robinson talking about his defense department, the winningest coach in football history. He wanted a defense department that was "agile, mobile and hostile." That's pretty close to what we need. And so I think that's the right direction. I salute you for moving in that direction. I believe the Congress has got to support you in that, and I want to do that.

This cycle time question -- I believe Senator Reed asked about it. I just visited a Honda Motor Company plant in Alabama. There was a field there two years ago. Today they are rolling out brand-new automobiles -- in two years from ground to new automobiles. They poured the block. They build the entire automobile there. Secretary Wolfowitz, don't we

need to make some historic leaps forward in our ability to bring on new systems? And wouldn't that save us money if we could?

MR. WOLFOWITZ: Absolutely yes, Senator, and we need, I think, also to work very hard at transforming the way in which we do our basic business. We've got to, I think -- particularly in this era when we're looking for more and more highly trained, more and more highly educated people in the military, we've got to be, I think, really rigorous about what functions are truly military functions and what functions we can afford to contract out to more appropriate civilian operations. We've got -- as you said in your question, we've got to figure out how to bring systems online faster, and part of that is what Admiral Cebrowski addressed in the context of spiral development.

When it takes us 10 or 20 years to bring on a major weapons system, that's not a way to transform. That's a way to impose a kind of unilateral disarmament on this country, and we've got to get out of that.

SEN. SESSIONS: Thank you. I believe it's a critical thing. This Congress needs to confront it and figure out how we can help you be more capable in doing that. And many of the delays are because of procedures set in law. I know that to be a fact.

Admiral Cebrowski, do you want to comment on that, the ability to bring on -- what we can actually do to bring these systems on sooner?

ADM. CEBROWSKI: I think that the discussion about spiral development points to that. I think that this is tightly involved in our culture, which was developed over the last 50 years, focused on cost-benefit analysis and optimization, risk reduction. And what's happened is, we've become so focused on one particular area of the risk that we've lost sight of the fact that risk is going out of balance. And while a 16- or 20-year program might do well in suppressing technical risk, it aggravates all of the other areas of risk on which we hadn't been focused. And so we need to refocus on some of those other aspects to do that.

I do think it is possible to bring onboard very, very quickly sharp changes in our capabilities. Broadening our capabilities base is very important. I think the example of the high-speed transport is illustrative here. This did not exist as a program in any of the services, certainly not in the Navy where I was involved with it. But it became clear that this was the broad thrust of technology and of the marketplace, and so we went out and we just leased one, and we put it in the hands of the operators.

And until we did that, institutional Navy had no interest in this. But once they got their hands on it, it fired their imagination and they wanted to get on with it. People who objected to it, after being onboard for only 10 minutes wanted to take charge of it. It was a marvelous thing. And now we see that that experimental article is on its way to Central Command, where it will be used to support the U.S. Army. And all of this happens in less than two years, you know, so this kind of change does not have to take 16 years -- you

know, from the first time that we started the negotiating the lease until potential combat operations for a new capability, entirely new capability, less than two years.

You know, so it's an existence proof that it can be done, and it shows up again and again in our history. You know, for example, go- ahead for the Polaris missile program was in November of 1956. Just 48 months later, USS George Washington, the first Polaris missile submarine, goes out on its first patrol -- four years, something of the same degree of technical difficulty as going to the moon. Okay?

We can do this. Okay? It's a matter of courage and commitment to do it, and it takes a team effort. And we can't -- the four of us here at the table can't do it alone. I mean, we need a lot of help and encouragement from the Congress in that, and we certainly appreciate --

SEN. SESSIONS: You do need some congressional support, and it will not only bring the system on sooner, but save a lot of money, I believe, in the process of building it. These delays cannot do anything but run up cost.

Thank you, Mr. Chairman, for what you're doing, and I appreciate the service. I do believe that weapons like the JDAM are critical, and we need to make sure that our production systems are bringing them on soon enough.

SEN. LEVIN: Thank you, Senator Sessions. Senator Bill Nelson.

SENATOR BILL NELSON (D-FL): Thank you, Mr. Chairman. Mr. Secretary, I want to compliment you and your team on the way -- as you are transforming the military, particularly what has been represented in the very successful military operations in Afghanistan.

I've just returned from there for a second trip of mine in three months, and I find the troops continued to be pumped. They know their cause is just. You are giving them the tools that they need to be successful, and they are absolutely intent on prevailing.

There's one hiccup that I noted, and that is the issue of hot pursuit. In an operation such as Anaconda where some of the enemy got away, it's like the old days of -- in the 1920s, Bonnie and Clyde robbing the bank and racing for the state line, of which the local sheriff and the state police can't cross the line. And, thus, this was a concern that was expressed to us. And in our congressional delegation there at Bagram Airfield, I raised this particular issue.

From there, we went on to meet with President Musharraf in Islamabad, and I raised the issue with him, and he did not say no. And upon my return, I have been somewhat perplexed to see contradictory comments being made in the press by both Musharraf and some of our leadership. However, full well recognizing that this is a matter of the most extreme delicacy, given all of the political sensitivities in that part of the world. So if you can't or don't want to address it directly, which I would certainly understand, I clearly

want to give my encouragement to you to work it out with Pakistan. This is a part of the terrain that, in some places, are only goat trails going from one country to the other across those rugged mountains, but we've got to be able to pursue them into that territory, despite the fact of a political boundary.

MR. WOLFOWITZ: Senator, with your agreement, I would prefer to actually get into the details with you in private, but I think I can say confidently, I think we've had excellent cooperation from President Musharraf and from the Pakistanis. They do a terrific job on their side of the border. There are, as you correctly noted, these potential seams, but I think it's satisfactory and, for the reasons you properly noted, probably the less we say about it here in a public session, the better.

You gave me an opportunity, though, if I might, to point out that what General Franks and his people did in responding so quickly is truly remarkable. And for an organization that's sometimes accused of being ponderous and slow and people comment on how long we built up in the Persian Gulf, just think about these dates. General Franks got his orders to plan for operations in Afghanistan on September 20th. That's nine days after the attack on the World Trade Center and the Pentagon. There was no plan on the shelf. Senator Reed, I'm sure you'd agree with me that if we had come up here saying we needed extra money because of a threat in Afghanistan, we would have thought we were silly, and you probably would have, also. It hit us brand new. The operations began barely two weeks later, on October 7th, and within 12 days of the start, on October 19th we had Special Operations forces on the ground in the North with General Dostum. But I have to tell you, at the time it seemed like an eternity, and I remember how impatient Secretary Rumsfeld was to get those guys in. When you actually look at the dates, it's amazing how fast we moved. And I think it's a tribute to the way in which our military has changed, has recognized what it can accomplish, and it's a tribute to Central Command and their planning capability.

SEN. BILL NELSON: And it's a tribute to other agencies of the government, as well.

MR. WOLFOWITZ: That's correct. Yes, sir.

SEN. BILL NELSON: Could you give us a report on the commander- in-chief down in SOUTHCOM? What's your plan for getting a four-star general in there?

MR. WOLFOWITZ: We recognize it is an extremely important job. Secretary Rumsfeld has been spending literally hours over the last month or two in looking at all the senior commands that have to be filled. And that is clearly one of the very important ones. And I'm sure we're going to have a very high-quality person to recommend shortly.

SEN. BILL NELSON: Well, there's a fellow seated to your right that can tell you a lot about that command and about the need for someone that has all those silver stars on his - like his, on his shoulder.

MR. WOLFOWITZ: It may not surprise you to know that he's told me that several times already, Senator. (Laughter.)

SEN. BILL NELSON: I thought he had. Thank you, Mr. Chairman.

SEN. LEVIN: Thank you, Senator Nelson. Senator Bunning.

SEN. JIM BUNNING (R-KY): Thank you, Mr. Chairman. Secretary Wolfowitz, given our current commitments -- such as Kosovo, Bosnia, homeland defense, Afghanistan, possibly future operations in other countries, and they need not be named, our extensive use of reserves, even before the global terrorism began -- at what point will the Department of Defense consider a comprehensive increase in force structure?

MR. WOLFOWITZ: Senator, each of the services has come forward to Secretary Rumsfeld with proposals for increasing end strengths, and the secretary's reaction has been not to deny that there are new requirements -- there are obviously a lot of new requirements -- but to say that before we make that considerable investment and long-term commitment to increasing our force structure, let's make sure that -- in addition to having new requirements, that there aren't some old requirements that we could shed and that we have really looked and scrubbed thoroughly to make sure that we are not doing things that we should -- make sure that we stop doing things that we should have stopped doing a long time ago. And I think that process is underway right now, and I think each of the services is taking a very hard look at where, in fact, they might reduce some of their personnel requirements, because it's very obvious that there are new ones that have to be added.

SEN. BUNNING: You said "reduce"?

MR. WOLFOWITZ: In some areas. I mean, it's well known that, for example, the secretary has been trying for a long time to reduce our level of forces committed to the Sinai. Obviously, people say this is a bad time to do that, but that would be an example of a place --

SEN. BUNNING: In other words, you're talking more about moving personnel.

MR. WOLFOWITZ: Well, also freeing up people from old jobs that don't need to be done anymore so that we have the people available within our current force structure to meet those new requirements. It's only after we go through that very careful scrub that we would want to do the fairly expensive decision to add force structure.

SEN. BUNNING: Well, I think your report and all the studying that you have done should have taken that into consideration a little more on top rather than as an afterthought.

I want to get back to what Senator Reed was talking about, because I think he hit the nail on the head. The budget that you have sent up here takes care of legacy defenses more

than anything else -- not much change, you're paying a lot more dollars for a lot more weapons systems. You also are spending certain amounts of money for old weapons systems that don't seem to work very well. And I bring the V-22 Osprey up as one that you haven't been able to get online. How long ago did you start that program? Not you, but the Department of Defense?

MR. WOLFOWITZ: Started about 10 or 15 years ago, Senator.

SEN. BUNNING: Well, don't you think you ought to have it worked out by now?

MR. WOLFOWITZ: It is a revolutionary technology. It's had -- encountered some serious difficulties. We are --

SEN. BUNNING: We're spending one-point-what billion in the current budget that you requested?

MR. WOLFOWITZ: (Inaudible) --

SEN. BUNNING: Almost one-and-a-half -- not quite one-and-a-half billion dollars.

MR. WOLFOWITZ: And we are also undertaking a very intense review of whether it can in fact meet its technical goals and --

SEN. BUNNING: But we're ordering -- we also ordered 11 more, didn't we?

MR. WOLFOWITZ: That's basically to sustain a viable production base in case we do decide to go ahead with it.

SEN. BUNNING: And if you decide that after all the studying and things it's a waste, will you pull the plug or won't you?

MR. WOLFOWITZ: Well, certainly if it's a waste, if it's a system that can't work, then we will, and then we'll have to look at an alternative for accomplishing that mission. It will be an alternative that will be less transformational technologically but more reliable and more dependable.

SEN. BUNNING: Well, I -- I think in looking at your proposed budget for the year 2003, that more emphasis should have gone into -- rather than legacy operations -- traditional -- I know we're fighting a war, so I know that takes precedent, and we have to have the supplies and the technology and everything that our fighting people need in the field. But if we're going to upgrade the Department of Defense in an effective manner, we have to have very forward thinking and not 10-year periods, but one, or two, or three-year periods. If you're talking about getting something operational in fifteen plus years, that's unacceptable. I will not accept that, and I don't think too many people on this committee will accept the fact that we have been trying to make operational a weapons system that we have been dealing with for over fifteen years. We can't afford to do that.

So, if we're going to look at a \$370 plus billion dollar budget, I expect you and everybody in your department to be a little more forward thinking, and I mean not ten years forward thinking. I -- just looking at the request for the Navy. Is that forward thinking? Four ships and then we don't get the -- we don't even get to ten, which is what is supposed to be a minimal that we're building.

MR. WOLFOWITZ: As I mentioned in my testimony, we have about \$21 billion dollars invested in this year's budget in transformational programs. That is a very substantial amount, and it -- at the same time, this budget has to cover large increases for health care and retirement, large increases for pay raises, large increases --

SEN. BUNNING: We understand that --

MR. WOLFOWITZ: -- to cover the cost of the war. I think there's a lot of new investment here.

SEN. BUNNING: We -- we voted for those things. We understand that cost.

MR. WOLFOWITZ: And the Navy made some decisions about where its priorities were in light of the fact that our current fleet is relatively young, relatively new. There's a lot of money in the Navy budget, for example, for a brand new capability, which will be converting Trident submarines into cruise missile carriers. And I think the Navy has tried to strike a balance between near-term versus long-term shipbuilding needs, and near-term versus long-term readiness needs. Every place in this budget you will find difficult decisions have to be made, and difficult trade-offs have to be made. I think the services, and we in OSD, have done, I believe, a very good job in making those balances.

And I -- I mean, I would point out, the V-22, Secretary Cheney, when he was secretary of defense, tried to cancel that program. The Congress, in its wisdom, made us go ahead with it. We've now invested some 10 years of investment in trying to get that capability to work, and I think it is prudent to continue at least until we're sure whether it works or not, and at that point we will have to make a very clear decision.

SEN. BUNNING: Thank you. My time has expired, but I would like to just add that we -- we want to spend the \$370 billion on defense, but you're going to have to sell it. You're going to have to sell it to the rest of the Congress of the United States. This committee supports you, but it's a tough sell right now.

SEN. LEVIN: Thank you, Senator Bunning. Senator Akaka.

SEN. DANIEL AKAKA (D-HI): Thank you very much, Mr. Chairman. I do want to add my welcome to the secretary and his team this morning. My questions will dwell around definitions of budget, financial management, oversight, and measurement for readiness.

I also was interested in a comment -- not comment but the statement of the secretary, that transformation can mean using old things in new ways. And my question to you has to do

-- and your very strict definition of transformation, you also discuss other items in the FY03 budget request that are considered by the department to be transformational but do not meet that strict definition, including funding for the precision-guided missiles, C-17s, and F-22s.

My question to you is, do you have a total -- a total figure at least for the FY03 budget request for the programs that contribute to this department's process of transformation? If you don't have it immediately, we can certainly receive it for the record.

MR. WOLFOWITZ: Yes, we do. And it -- I mean, as I said in the testimony, in the strictly transformational category, it's about \$21 billion in '03 and \$136 billion over the whole FYDP and I am -- for the -- in the transformation supporting category, it is roughly equal numbers.

SEN. AKAKA: Mr. Secretary, you have discussed the department's intent to invest more than \$136 billion in transformational technologies and systems over the next five years. With \$76 billion representing new investments to accelerate or start the new transformation programs, the Readiness and Management Subcommittee has held a hearing on financial management as well as a hearing on acquisition reform. As you know, I'm concerned about the department's ability -- inability to properly account for all of its funding, and have held a hearing on that.

With respect to the proposed investment and acceleration or beginning of transformation programs, what kind of oversight does the department intend to implement regarding these developing technologies to ensure that the appropriate progress is being made in a manner consistent with the goals of the transformation process?

MR. WOLFOWITZ: By the way, Senator, on your previous question, on page 7 of the prepared testimony, I have both of those figures. In the strict transformation category it's the 76 -- the 21 billion in '03 and 136 billion over the course of FYDP. And in the transformation supporting category, in the next paragraph, it's 25 billion in '03 and 144 billion over the FYDP.

On you question about financial management, we agree very strongly with you that that's a problem area that has to be addressed on an urgent basis. Our undersecretary comptroller, Mr. Zakheim, is undertaking a whole effort to restructure the way we do our financial accounting systems. I think we've made some significant progress in reducing this enormous and embarrassing backlog of accounts that we've had difficulty keeping track of, and we are looking at ways to introduce new technology so that we are operating off of a single enterprise system and we can keep track of what we're doing in a way that is essential if we're going to transform. And I know the efforts that you have made to encourage that work, and we look forward to working with you on it.

SEN. AKAKA: Thank you for mentioning that. As you know, this has been a problem that we've been trying to resolve, and I'm glad that we are making a move on this.

General Pace, I've heard you as well as the secretary mention the need for intergovernmental and at the agency meetings of the mind. One of the key -- keys to the United States' success in Operation Enduring Freedom has been the seamless joint effort - - not only between the United States but also between the United States and its coalition members. You've testified about joint operational concepts and architectures, and the necessity of forces operating in coalitions. What are the clearly defined goals regarding joint operation in the process of transformation? And, how do you plan to measure the readiness of troops to engage in these joint operations?

GEN. PACE: Senator, first with regard to your comment about mindset, I would say that the ability to experiment, the opportunity to experiment and fail, has been key to the progress we've made so far in the war in Afghanistan and I would say that that will be a key in the future. You mentioned that in other forums, that I think one of the strengths -- many strengths that Secretary Rumsfeld brings with him is the fact that he has a pharmaceutical background and he is comfortable with experimental failure, knowing that as we try, that we will find those leap ahead opportunities that only experimentation can foster. And that's one of the things that General Kernan's folks do very well.

With regard to the joint requirements oversight council, as our country looks out, and as we are given our defense planning guidance from the secretary for the types of capabilities that we want to be able to develop and apply worldwide, transformation can have a thread through all of that. What capabilities do you want to apply, and in what timeline? You can then take current force and forward-base it, or you can have forward access allowing you to move your forces from the states, or you can have forward presence in the form of naval forces, or, as I mentioned, you can just straight deploy from the United States to the combat area, depending upon the timelines involved. The transformation part goes to the things like Admiral Cebrowski was talking about. You might want to build more airplanes, or you might want to build 50, or 60, or 70-knot ship that allows you to close that timeline.

So, as we look at the umbrella operational -- umbrella requirements and capability requirements of the things we want to be able to do on foreign battlefields, then the umbrella operational concepts that tell us how we can apply the resources to provide those capabilities -- we can then mix and match based on experimentation and experience whether we're going to use the assets we currently have more effectively, or if we need to, in fact, seek a new solution -- either in the way that we apply them or in the way that we build them.

I'm not sure that that answered your question completely, sir.

SEN. AKAKA: Thank you.

GEN. PACE: Can I just add on to that, Senator? The analytical piece of experimentation is extremely important, and we recognize that. We've got to take away as much subjectivity in our analyses as possible. We are base lining ourselves continually and apply metrics, so when we go and do an experimentation, we use the instrumentation or

some prescribed methods to ascertain whether or not this is truly value-added. For instance, one of the things we're doing right now because there's a tremendous emphasis on command, control, communications, and computers, and downlinking, and all the collaborative tools necessary to conduct distributive operations, we are continuing measuring bandwidth, and we are seeing how we can maximize the use of that bandwidth and recognize also when we're at surge capacity and what the impact may be on other people's operations during that period of time. So, this is a very deliberative process. We have an assessment and analysis branch put together, and as we move more toward the integration of the instrumentation in the western training areas, I think we're going to be even more precise in our analytical skills.

SEN. AKAKA: Thank you very much -- (inaudible) --

SEN. LEVIN: Thank you very much, Senator Akaka.

Just before I call on Senator Nelson, would you complete for the record, Secretary Wolfowitz, your answer to Senator Akaka relative to the investments that you're making in transformation, this year, next year -- both directly and supportive? You have numbers in your testimony. You have given numbers. Would you supply for the record the list of the programs which make up those numbers, both this year, next year, and for the five years? And, would you give us your definition as well for the record of what constitutes transformation? Thank you.

Senator Ben Nelson.

SEN. BEN NELSON (D-NE): Thank you, Mr. Chairman. And I want to thank you all for being here today.

In February, when I visited the troops in Afghanistan, Uzbekistan and Pakistan, I found the morale very high -- committed -- people committed to the task, fully supported by the American people and by our friends worldwide. And I believe that continues, and they're doing a magnificent job. I also found it to be a field where -- where transformation was underway, as we tried new things -- fighting the current war with current technology, but it was pretty clear from many anecdotal stories that old technology still works as well. And so, when we're in this balance, trying to balance between new technology, old technology, what works today, what might work tomorrow, we ought not to forget what worked yesterday, but we ought not to rely solely on that or otherwise we will be in a position where we can only fight the last war.

I'm struck by the challenge that you have, and I don't envy you, but I want to assist in any way that I can in determining the technology so that we're not looking at 10 to 15 years to develop something -- we can't know for 10 or 15 years whether it's successful. We shouldn't, though, move away from trying to think forward. Certainly, we must do that. But balancing the old and the new, I think is going to be a continuing challenge for all of you and for those who work with you. Whether you're -- whether you're looking at the kind of war that's being fought in Afghanistan today or taking a closer look, as we did in

Colombia -- General Pace, you were a gracious host and provided a lot of information -- maybe a lot of the new technology just isn't appropriate for that kind of -- that kind of conflict.

So, I think it's important that we must in fact prioritize the challenges in technology. And I hope that you are looking at it in terms of prioritization, that maybe we can't wait 10 or 15 years to decide if something doesn't look like it's going to be successful, because we're going to be putting a great deal of our asset structure, our resources into that, at a time when -- when maybe it ought to remain on the drawing board. I just don't know how long -- how long we can go with a product, with a project, with technology before we -- research and development, before you pull the plug.

Your challenge is to keep Congress happy if Congress wants a certain project. But I hope that as you -- as you do this, that you will be in a position where you can come back and deliver bad news, and that there's no penalty for delivering bad news when something didn't work.

MR. WOLFOWITZ: You're absolutely right, Senator. And I think it's what General Pace referred to earlier, and Secretary Rumsfeld refers to all the time, about you want to try things, recognizing that some of them won't work. And in fact, this year's budget, I think for the first time ever, Undersecretary Aldridge declared a program in breech of Nunn-McCurdy rule, which has normally been waived every time a program has come up with that -- those kinds of cost overruns. And in fact, he has canceled both the Navy area-wide system and the SBIRS- Low system, though we hope to replace them with other things that look to be working better.

We've said from the beginning, particularly in the area of missile defense, where we're trying a lot of different things, some of them aren't going to work, and you've got to reinforce success. You've got to also be prepared to kill failure.

SEN. NELSON: Well, and whether it's the old adage about not pouring sand down a rat hole, I mean, you've got to figure out whether it's a rat hole or not. But the price to experiment and to try should never be so high that you can't admit failure along the way or, if not failure, that the cost-benefit ratio is not justified, because unlimited resources will permit you to succeed, but it will also permit you never to have to admit failures.

MR. WOLFOWITZ: That would be a mistake.

SEN. NELSON: Thank you. General Pace, any thoughts that you might have in terms of making our transformation work for us but not to the point of getting us so far ahead with technology that we can't go back and do the traditional things that we still need to do? I don't know whether we want to keep our stable of forces, on the one hand; on the other hand, there may be occasion when that kind of ancient technology fits into the equation.

GEN. PACE: Sir, I agree. And I think we have the opportunity to dedicate a portion of our resources to the transformation process, to the experimentation process. We have

been fortunate, thanks to many years of sustained bilateral support in the Congress, to have a military that is second to none, that has no peer currently or peer on the horizon. That is why we are being attacked asymmetrically, and that is why we will continue to be attacked asymmetrically.

But in that time line where we have no peer competitor, we can afford to take part of our resources and apply them to the experimentation to the trials and failures of looking beyond our current capabilities to what we might be able to do in the future. And again, this is filling out the specifics of the over-arching operational concepts.

But clearly some of the things we have in our kit bag right now are exceptionally versatile. And the B-52 that the secretary mentioned before -- 50 years old, give or take a few years, and still now providing close air support because of the transformational weapon that it's carrying to the battlefield. So I agree with you, sir.

SEN. NELSON: Thank you. And I think all agree that successful transformation does require prioritization and a determination that some things that looked pretty good 10 years ago don't really fit into where we are today or where we're going to go tomorrow.

MR. WOLFOWITZ: Right. And I agree also, one of the most difficult pieces of balancing we have to do in this budget is between the large investment that goes into sustaining the current force and the actually smaller fraction that goes into preparing that force for the future. And you've got to keep the balance.

One of the statistics I've heard about the German transformation in the '20s and '30s is that only 10 or 15 percent of the German army was, in fact, armored at the time that they developed blitzkrieg. I don't know if arbitrary percentages are a mistake, but certainly the goal isn't to transform the entire force. That would probably lead to general collapse.

SEN. NELSON: Thank you. Thank you, Mr. Chairman.

SEN. LEVIN: Thank you, Senator Nelson. We'll have a four-minute second round.

Secretary Wolfowitz, members of our second panel have reached different conclusions relative to the Army's Crusader artillery system. One of our witnesses points out its utility in a contingency, such as a land war in Asia. The other witness will point out the drawbacks to Crusader, including weight transportability on the C-130 and shorter range, and some of the other Army strike systems.

Secretary of Army White is reported to have described the Crusader as transformational, and I'm wondering if you could give us a very quick assessment of Crusader.

MR. WOLFOWITZ: I think one thing to say about Crusader is that the Crusader of today is not the Crusader that people were talking about some two years ago. The Army, I think, responded to the appropriate criticism that it was much too heavy to move

anywhere by redesigning the vehicle and reducing it so that the weight of the total system is down by about a third.

I think how you rank Crusader depends in part on whether you compare it to current artillery, in which case there are some technologies that are dramatic improvements over what we have with the Palladin, or, alternatively, if you look at where we might be able to go in the future with artillery systems that are in some ways substitutes for artillery systems that are still very much on the drawing boards, very much in the form of briefing slides rather than actual capabilities, that might allow us to really rethink the whole way in which we look at artillery.

And clearly one of the things that we want to do is invest as much as possible in bringing forward those kinds of capabilities, the capabilities that are in the future combat system. And a separate but important development is to accelerate the development of very accurate artillery munitions, particularly the Excalibur round.

We saw with --

SEN. LEVIN: Given our time constraints, can you just kind of give us your summary as to --

MR. WOLFOWITZ: I think my summary is that Crusader is sort of a little bit in between. And as we -- it is a system that brings us some dramatic new capabilities. But if we can bring forward some of the transformational capabilities more rapidly, we might see ways to put that Crusader technology into a different system.

SEN. LEVIN: Thank you. I'd like to ask you a question about the so-called \$10 billion contingency in the 2003 budget. Do you support -- does the department support leaving that as a contingency to finance increased operational costs to continue the global war against terrorism and that it not be diverted to other uses? Or have you changed that position?

MR. WOLFOWITZ: No, that is our position very strongly. It is there as a contingency operating fund to allow us to continue operations into Fiscal Year '03 without having to come immediately for a new supplemental on October 1st.

We don't know what those operations will be or what level it will be at. But as I think we've briefed in the past, that number gets us about halfway into the year on the assumption that operations are at their current level. It's impossible to predict what level they'll actually be at, obviously.

SEN. LEVIN: Thank you. General Kernan, your formal statement today makes a reference to the fact that our present joint forces are highly capable, as recent operations demonstrated, but that they're overdue for a recapitalization.

When you were testifying before the House Armed Services Committee on March 14th, you also added the phrase that they are overstretched. That created something of a news article. When you were asked, you said that "We're busier than we've ever been and we're stretched."

Apparently, according to the New York Times, the secretary was upset when he read about this testimony. And I'm wondering whether or not you stand by that testimony, that you believe our troops are stretched, and whether or not you -- because we need your own honest, unvarnished views on this. So are they stretched? And were you in any way -- was it suggested to you that you modify your testimony as it appears in today's printed version?

GEN. KERNAN: No, sir, nobody asked me to modify my statement at all. I welcome this opportunity also to clarify, because, as you can appreciate, things are oftentimes taken out of context. The dialogue between myself and the congressman had to do with manageable risk. And I believe what I said was that, yes, we're stretched, but this is manageable.

The comeback statement was, "I understand that the troops are getting pretty worn out." And my comment was, "Yes, they're tired, but the commanders are doing a good job in rotating the forces through the theater of operation."

So really, I guess the bottom line up front is, sure, this is a challenge. Yes, we can manage it. But we're at war, and we're going to do what's necessary. We will ensure that we maintain readiness and have the deployable packages our combatant commanders need, when and where they're required.

SEN. LEVIN: Thank you so much. Senator Warner.

SEN. WARNER: Thank you very much.

Mr. Secretary, just kind of an observation in the way of a little bit of advice. These programs successively come before the Congress with the best of intentions, and then they're sort of lost as the years go on. You talk about the intransigence in the military. Historically it's been in the Congress. We need look no further than the base-closure struggle that the chairman and I and our two counterparts in the House had getting across the concept to allow just basically efficiency of management and savings. Anyway, it's law now.

I would hope that Admiral Cebrowski, as long as he's willing to serve in this position, is given the authority to keep working with the Congress, because when these items come up, they're buried in massive documents. And somehow there ought to be a red tag put on transformation so that, when we have to make the deliberations -- do we take this program or that program or cut this one or cut that one -- we're conscious of what is an integral part of your transformation, because there's a certain synergy between all parts, as I listen to this.

And not unlike a chain, the weakest link, the whole thing fails to serve the ultimate goals that you have. And if we let one or two pieces of it lapse and then others go forward, then I think it'd be less effective. So to get this through over the years to come, you've got to put emphasis on it, and when it comes up to the Congress, to flag it.

I also have a concern -- and we certainly saw this in Kosovo; we've seen it in our Afghan operations -- that we're so far ahead of our allies. Can anyone say that other nations are looking in a comparable way to their transformation?

General Kernan, do you see a lot of it? You're on the CINC, right out there with our allies. What do you see? Do you see them working on transformation in any measure comparable to what we're trying to do?

GEN. KERNAN: Comparable to what we're doing? No, Senator. Transforming? Yes. The secretary general of NATO, Lord Robertson, has been emphasizing continually the need to invest more in defense budgets so that the alliance would modernize. And he established 58 defense capabilities initiatives that he wanted us to focus on.

In my role as supreme allied commander, Atlantic, we have the lead for concept development and experimentation for the alliance and bring forward with General Ralston recommendations for the military committee.

SEN. WARNER: I want to move on to a couple of other points, to simply say that coalition warfare is the key to the future. Not only does it bring our allies in to share the burdens, but also here at home. I think the perception of the American people is we cannot go it alone always, time after time after time.

So I would hope that our allies study these initiatives by the secretary of Defense and yourselves and that they begin to generate within their own structures a comparable transition program.

Andy Marshall, the very celebrated and, I think, loyal public servant -- I think he dates back to my ancient days in the department; I'm not sure. I seem to have a recollection he was there. Hopefully some of his concepts have survived all of the layers of review and so forth. Anyone wish to comment on that? Mr. Secretary?

MR. WOLFOWITZ: I think he dates back to 1973, Senator; I don't know.

SEN. WARNER: Well, there I was, yeah.

MR. WOLFOWITZ: And I think he's had a very significant influence on the department in general and I think played a major role, going back a few years, in getting people to appreciate the transformations that are possible in this era really could have a revolutionary quality to them. That phrase, "revolution in military affairs," was in many ways --

SEN. WARNER: Well, I'll accept your reply --

MR. WOLFOWITZ: -- (been misunderstood ?). But I can tell you also that Secretary Rumsfeld talks to him regularly and values his guidance very much.

SEN. WARNER: Thank you. I'd like to put in, Mr. Chairman, on behalf of Senator Inhofe, a more detailed question on the status of the Crusader program and ask that it be answered for the record, Mr. Secretary.

MR. WOLFOWITZ: Okay.

SEN. WARNER: General Kernan, how will the new unified command here in the continental United States -- CINCNORTH, I believe that's the designation -- how will that impact on your responsibilities? Will there be a transfer of some of your responsibilities to that command? Is it coming along smoothly? I'm hopeful that command can soon be designated up and operative.

I continue to be worried about homeland defense, I say to you with deep respect, each of the witnesses. And our American public expect fast in every action necessary to help that situation, strengthen it.

GEN. KERNAN: Yes, Senator, the plan is going along very well. Both Joint Forces Command and NORAD collectively have worked together to form an implementation plan. When directed, we will put together the transition team, allow that (system?) to start standing up.

In the interim, we will maintain the responsibility to do the land and merit time security of the homeland, and NORAD the aerospace piece. It will be a seamless transition to NORTHCOM when they're ready to accept the mission.

SEN. WARNER: Close out on that. How quickly, Mr. Secretary, do you anticipate the president and/or Secretary Rumsfeld or yourself will be announcing the details of that so we can move forward?

MR. WOLFOWITZ: I would hope fairly soon, Senator.

SEN. WARNER: The location, has that been decided as yet?

MR. WOLFOWITZ: That's also being studied.

SEN. WARNER: All right, thank you.

Lastly, Mr. Chairman, the famous phrase "skip a generation," that was often used by Secretary Rumsfeld and others when we began this process a long time ago. As I look through your documentation, I think probably the DD-21 program is an example of how we made a tough decision but are moving on to another generation.

Are there other examples in here? And perhaps, given that my time is up, if you'd just enumerate one or two and put in for the record the others that could qualify for this concept of skipping a generation.

MR. WOLFOWITZ: To be honest, senator, that's a harder concept to apply in practice than it is to conceptualize. You are absolutely right the DD-21 is an example of that. It's the one that comes most to my mind. I'll see for the record we can provide you --

SEN. WARNER: Well, we skipped back on the cavalry one, and I am all in favor of that. (Laughter.) I think that's --

SEN. LEVIN: It's called skipping back a generation.

SEN. WARNER: Well, that's what I said -- it's my phrase, don't you steal it. (Laughter.)

MR. WOLFOWITZ: That's an interesting notion. We'll explore --

SEN. LEVIN: Senator Warner said that's called skipping back a generation. (Laughter.)

SEN. WARNER: That's right.

MR. WOLFOWITZ: It worked.

SEN. WARNER: It worked. Thank you.

SEN. LEVIN: All set?

SEN. LIEBERMAN: Yes.

SEN. LEVIN: Senator Lieberman.

SEN. LIEBERMAN: Thanks, Mr. Chairman. Thanks to the witnesses. I apologize -- it's one of those mornings where I had other commitments that kept me from being here. But I am very interested in this subject, and I thank you for all your doing to move us forward.

As I said to General Kernan a while ago, I feel as if people in the Pentagon are really getting with the transformation idea, but it's hard to bring it all together and do everything else that all of you are being asked to do. And Senator Santorum and I saw this recently in our Airland Subcommittee as we focused in on the Army and the difficulty with the amount of money that they are being given, which has been increased significantly in this year's proposed budget to both maintain the legacy force, get to the interim force, and to provide for an interim force and then get to the objective force. And it requires a lot of very tough decision-making all around. So to make sure that the transformation that I think we all want occurs both as rapidly as possible and as jointly as possible.

Just a few questions. General Pace, I recall a few years ago that Secretary Cohen and General Shelton talked about the importance of having the JROC get involved in making decisions about programs up front, before the services made the decisions as a way of making sure that transformation was being expressed in the program decisions that were being made, and that there was a unity of purpose, and that we weren't overlapping and wasting resources. I wonder if you could give us a sense of the work of the JROC in that regard. And what role -- let me leave it there.

GEN. PACE: Senator, I think my predecessors in the JROC have in fact gotten the process to the point where now before a major weapons system or a major concept is funded that it gets the JROC stamp of approval on its forehead. But, as I said in my written statement, we are because of that currently in the grading somebody else's homework mode, as opposed to being proactive in our own right. And what we need to do in the JROC is take the Defense Planning Guidance that the secretary puts out, seize on those two or three or four major concepts, and drive the train for bringing those concepts to fruition -- taking a look at what capability we want to deliver on the foreign battlefield, in what timeline. What are we capable of doing today, and what is the gap? And then with that gap, fill in that gap either through asking a service to experiment at a service level or Joint Forces Command to experiment at the Joint Forces Command, or if it's a technology fix already in place, getting a service to in fact take that on. So, we are not doing what we should be doing as well as we should as far as being proactive, sir.

SEN. LIEBERMAN: That's my concern. So, do you have the intention to get the JROC into exactly the posture that you've described upfront?

GEN. PACE: I do, sir, and quite candidly, I took this job on One October. We've been a little bit busy.

SEN. LIEBERMAN: Sure.

GEN. PACE: And I have since been through in the last six months JROC 101 and JROC 102, and I'm dangerous now. But we have done in the last month and a half is we have gone through all 84 of the products and processes that the JROC is currently concerned with. And we look at each one to determine, should we still be doing that. And we've taken about one-third of those off our plate because they're important, but not JROC business. And we've cleared up space in our -- on our plate for the things that I talked about when the defense planning guidance comes out, that we can take and drive, sir.

SEN. LIEBERMAN: Admiral Cebrowski, I want to give you a chance to speak a little bit. I've benefitted a lot from your writing and thinking on all these issues. I know Secretary Rumsfeld is fond of saying, and I agree with him, "Transformation is just not about new weapons. It's about new ways of thinking and new ways of fighting." And I wonder if you could just talk for a little bit. I'm as heartened by your appointment as to what you see as your priority, as the secretary has defined it for you, in your new position?

ADM. CEBROWSKI: Thank you very much, senator. The -- what sits at the top of my list is to assist the department in moving towards the information age -- moving from the industrial age to the information age as a way to leverage the great power that we have present in America. Also, it is in recognition of the fact that the entire world is moving into the information age. To the extent that we don't do it, or do it poorly, we will be at a decided disadvantage.

The next area of my thrust is to broaden the capabilities base. To the extent that we focus very well on a few capabilities and think in terms of depth, or how much is enough, we in fact aggravate our risk. Risk in this age is better mitigated by addressing issues of breadth. So we need to broaden the capabilities base, the technology base, as well as our industrial base.

SEN. LIEBERMAN: Let me ask you this question about the first two. Have you been given resources to carry out -- those are two very important missions -- or are you an advocate within the building?

ADM. CEBROWSKI: I am indeed an advocate, but I am also meant to be a catalyst. I asked for enough money to run my office and to catalyze experimentation and the development of experimental articles, or operational prototypes, because of my conviction that change is most likely to be assisted if you can put some real experimental articles in a person's hand to them, and that's how you address the cultural issue.

I did not ask for a very large amount of money -- as a matter of fact, I turned it away -- because I'd rather see myself more as a -- as a venture capitalist, if you will. I don't want to spend my time administering a budget yet. I have been assured that as ideas come forward that the comptroller will be responsive.

SEN. LIEBERMAN: Very good. My time is up. Thank you all. Thanks, Mr. Chairman.

SEN. LEVIN: Senator Akaka.

SEN. AKAKA: Thank you very much, Mr. Chairman. I have just one question to General Kernan. I know for our team that your plate is full with the war that we are waging now, as well as transformation. And I am particularly interested in transformation -- what's happening there. And I know that in your statement that you have mentioned about the need of integration and its efforts between the local, state and federal government people. And you talked about the fusion of full intelligence and information and the need for that.

In the process of transformation, how will the proposed changes in the UPC, Unified Plan Command, impact the Joint Forces Command in the process of transformation? For example, do the proposed changes fortify the Joint Forces Command in the execution of its mission to defend the homeland and provide military support to civil authorities? And that's my question, the civilian authorities and civilians -- how will the proposed changes bring about this process of working with the civilian authorities?

GEN. KERNAN: I don't envision any change in that at all. What I do see is Joint Forces Command divesting its responsibilities of land and maritime security to this new command that will be called Northern Command. As far as I know, there will be no changes to the laws, no changes to the statutes that will be affected whatsoever. Joint Forces Command will still have the responsibility to provide trained and ready forces for the homeland security, and that would be obviously under the command of Northern Command, that would have that overarching responsibility for homeland defense.

SEN. AKAKA: Thank you very much, Mr. Chairman. I just wanted to pick up from Senator Warner's question on UPC.

SEN. LEVIN: Thank you very much, Senator Akaka. I just have one -- no, I guess, Senator Lieberman, you were next again. I think that probably may make logic but not reality.

I just have one question, Secretary Wolfowitz, of you. Section 1010 of our Defense Authorization Act for fiscal year 2002 provided that \$1.3 billion was authorized either for ballistic missile R&D or for Department of Defense activities for combatting terrorism, and that these funds could be allocated only by the president for either purpose. Do you know if that allocation has been made?

MR. WOLFOWITZ: I don't believe it has yet, senator.

SEN. LEVIN: Would you find out if it has, because when there is such an allocation then of course you -- the secretary of Defense would be required under that same section to submit to our committee a report describing the allocation and the secretary's plan for the use by the Department of Defense of the funds that are made available pursuant to such allocation? So, if you could keep that in mind --

MR. WOLFOWITZ: Yes, thank you.

SEN. LEVIN: Let us know whether that allocation has been made or not. That's the only question I have. Senator Warner is all set. Senator Lieberman?

SEN. LIEBERMAN: Mr. Chairman, I think we should let this panel have its liberty and go on to the next. I thank you. There are questions that could go on all day. This is a great group, doing a wonderful job. I thank them -- look forward to the next occasion.

SEN. LEVIN: We thank you all for coming forward. We thank you for your testimony. There will be some additional questions for the record. And we will now move on to the second panel.

MR. WOLFOWITZ: Thank you for your interest in the subject.

END.

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